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FM AMEMBASSY ABUJA
TO RUEHC/SECSTATE WASHDC 4634
INFO RUEHZK/ECOWAS COLLECTIVE
RUEHYD/AMEMBASSY YAOUNDE 0543
RUEHSA/AMEMBASSY PRETORIA 1557
RUCPDO/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEHC/DEPT OF LABOR WASHDC
RUEAIIA/CIA WASHDC
RUEKDIA/DIA WASHDC
RHMFISS/HQ USAFRICOM STUTTGART GE
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK

UNCLAS SECTION 01 OF 03 ABUJA 002372

SENSITIVE
SIPDIS

DEPARTMENT PASS TO USTR-AGAMA
DOE FOR GPERSON, CHAYLOCK
LABOR FOR SHALEY

E.O. 12958: N/A

TAGS: [PGOV](#) [ECON](#) [ELAB](#) [EPET](#) [EFIN](#) [EAGR](#) [KDEM](#) [NI](#)

SUBJECT: NIGERIA: BI-WEEKLY ECON UPDATES FOR NOVEMBER 15-30, 2008

REF: A. Abuja 2129

REF: B. Abuja 2339

¶1. (U) The following is a US Mission Nigeria compilation of November 15-30 political and economic highlights, which did not feature in our other reporting, covering:

- - CORRUPTION
- - DELTA INCIDENTS
- - OIL AND GAS
- - AVIATION
- - FISCAL RESPONSIBILITY
- - HEALTH
- - ECONOMIC
- - POLITICAL

CORRUPTION

- - - - -

¶2. (U) On November 24, Lagos High Court Judge Tijani Abubakar granted former Enugu Governor Chimaroke Nnamani leave to travel to the United States, in spite of opposition from the Economic and Financial Crimes Commission (EFCC). Nnamani is standing trial on charges of fraud, conspiracy, concealment and money laundering totaling 5.6 billion naira (\$48 million). Nnamani told the court that he was representing the Government of Nigeria at the 63rd session of the United Nations General Assembly in New York and needed additional time to visit his family in the United States. Earlier this year, Nigerian courts released the travel documents of three other indicted Governors currently on trial for money laundering and official corruption: Ayodele Fayose of Ekiti State, James Ibori of Delta State, and Orji Uzor Kalu of Abia State. The three Governors cited medical reasons to support their applications. The courts overruled EFCC prosecutors' objections that releasing their passports would cause trial delays and potentially lead to evidence tampering.

DELTA SECURITY INCIDENTS; NO AMCITS INVOLVED

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¶3. (U) "This Day" newspaper reported that a British oil worker was kidnapped on November 27. The worker was traveling alone in an upscale area of Port Harcourt and was reportedly off duty at the time.

¶4. (SBU) Militants briefly hijacked the MV THOU GALAXY on November 16 near Escravos, Delta State, releasing the vessel and its 10 person Filipino crew on November 18. Local daily "The Punch"

reported that militants were demanding the release of the MT AKUADA, seized by the JTF on November 14 for allegedly participating in illegal oil bunkering. (Note: Some Niger Delta residents allege that the JTF seizes only those ships that don't adequately "settle" the JTF to ensure safe passage. End note.)

15. (U) On November 18, Chevron declared force majeure on deliveries of 90,000 barrels of oil per day until December 31 after an attack in Delta State, which damaged the Abiteye-Olero pipeline that feeds the Escravos Terminal. The damaged pipeline forced Chevron to shut down most of its onshore fields in Delta State. The same pipeline was damaged as a result of an attack in June 2008, forcing Chevron to declare force majeure on 120,000 barrels of oil.

16. (SBU) On November 20, the local press reported that the JTF repelled militants who attacked their positions near the Escravos Terminal. A subsequent press statement by the "Ijaw Youth Leaders Forum" (IYLF) demanded the removal of General Wuyep Rimtip, head of the JTF in the western Niger Delta. In the statement, the IYLF threatened attacks on the Escravos facility, including the oil terminal and Chevron's massive gas-to-liquids plant currently under construction. (Note: Senior Chevron executives have told EnergyOff that they credit General Rimtip for stopping oil theft from their pipelines and wells in Delta State. End note.)

OIL AND GAS

17. (SBU) On November 20, local papers reported that the Federal Executive Council has ruled out any decrease in the pump price of gasoline, currently fixed at 70 naira per liter (\$2.26 per gallon). (Comment: A reduction in the retail price of gasoline was never

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likely, despite trade union demands. While still spending a significant amount on fuel subsidies, lower oil prices have reduced the financial pressure on the GON to raise the retail price of gasoline, something it reportedly considered earlier in the year when oil prices were at record highs. End Comment.)

18. (SBU) On November 26 the Chairman and Managing Director of one of Nigeria's largest and oldest indigenous oil companies told EnergyOff that President Yar'Adua promised his Special Advisor to the President on Petroleum Matters, Dr. Emmanuel Egbogah, that he would be the new energy minister. It appears now, however, that Rilwanu Lukman will instead fill that position, which according to the Chairman, was the result of pressure from northern leaders who insisted that the job go to their fellow northerner. The Chairman also repeated an earlier claim that Lukman reluctantly accepted the offer, but with the condition that he leave the position after one year. (Note: Many local oil executives believe that in addition to his health problems and outside business interests, Lukman's hesitance stems from the fact he actually lives in Geneva, Switzerland, and does not want to take up residence in Nigeria again. End Note.)

19. (SBU) The Managing Director for Petrobras Nigeria told EnergyOff on November 26 that 2009 was shaping up to be a bad year for the local industry, noting the continuing high cost of operations in Nigeria. When asked about his company's future in light of big oil discoveries off the coast of Brazil, the executive said Petrobras was scaling back its operational and expansion plans in Nigeria to focus on opportunities closer to home.

AVIATION

10. (U) On November 11, the press reported that the UK Royal Aeronautical Society will help Nigeria in determining the causes of aircraft accidents and weather related air crashes. The purpose of the collaboration is to help Nigeria minimize and eliminate airplane accidents.

FISCAL RESPONSIBILITY

11. (SBU) On November 10 EconCouns, Acting Deputy AID Mission Director, AID Officer and head of USAID REFORMS project met with the governors of Benue, Akwa Ibom, Sokoto, Kwara, Bauchi, and Ekiti

States. Minister of Finance Usman chaired the meeting, which focused on state-level responsibility and procurement and resulted in an agreement to set up a joint working group to harmonize and facilitate the implementation of related legislation across the 36 states. The Minister and some governors emphasized effective law enforcement and administration, peer review, donor technical assistance, fiscal responsibility, effective procurement, and avoiding delays in executing budgets, the latter having been a problem following adoption of the national fiscal responsibility law. Usman also informed donor representatives that he was chairing a Presidential Committee to explore the possibility of a sovereign wealth fund coordinated among federal, state and local levels of government.

¶12. (U) As reported in the press on November 14, Director General of Budget Office Bright Okogwu stated 91 percent of the 2009 budget will be allocated to the capital budget, of which 46 percent will go for infrastructural development. According to Okogwu, 11.9 percent of the entire budget will go for power, believing that the government would generate an additional 6000 mega watts of electricity in 2009.

HEALTH

¶13. (U) In response to the rise of incidents of polio in northern Nigeria, the World Health Organization (WHO) reported that it is recruiting and training local chiefs to renew interest in polio immunization. The polio immunization campaign started on November 13 in Gezawa village, 20 kilometers (12 miles) north of Kano. Kano state has been the epicenter for the transmission of the polio virus to other parts of the world for the past five years. According to the WHO figures, Nigeria has recorded 740 new polio cases in 2008 with Kano accounting for 267, compared to 286 cases countrywide in 2007, 57 of them in Kano (reftel A).

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ECONOMIC

¶14. (U) On November 14, the media reported that importers smuggled over 17 billion naira (\$144 million) worth of fabrics from Dubai into Nigeria every year, despite the import ban on textiles. Smuggling and infrastructure problems have led to a drop in the number of operational textile factories, from 140 to 10. Some industry observers claim that the Nigerian textile industry uses outdated equipment and the 70 billion naira (\$593 million) GON fund for the textile sector has not made much difference. Meanwhile, Nigeria's textile unions recently organized a large conference on November 26, attended by Labor Attache, to address the illegal importation of Chinese fabric being advertised as made in Nigeria.

¶15. (SBU) At a reception on November 29, an executive with the South Africa's Nedbank informed the Consul General that the bank has plans to open a branch office in Maersk House in Lagos. Additionally, the executive said Nedbank plans to acquire two "third tier" Nigerian banks which will give them over 400 branches nationwide.

POLITICAL

¶16. (SBU) From November 25-26, PolCouns and PolOff travelled to Kaduna to meet with former Nigerian Head of State General Muhamadu Buhari (see Ref. B); present a paper for an Anti-Corruption Summit sponsored by the Nigerian House of Representatives; and speak at a Nigeria Textiles Union conference. Buhari told PolCouns that his political campaign structure remains in place to galvanize voter support, should the court annul the 2007 Presidential election. The next day, at what was supposed to be a major anti-corruption "summit" sponsored by the Nigerian House of Representatives, PolCouns presented a paper on corruption and good governance to a sleepy audience of about 70 participants. PolCouns challenged those present to address Nigeria's endemic corruption as a key step in reversing the country's long history of underdevelopment; the summit facilitator, however, quickly moved on to the next speaker, Aminu Bello Masari, who feigned great concern in the need for anti-corruption vigilance. At a textile union conference later in

the afternoon, Labor Attache conveyed to conference participants the USG interest and support for workers' rights, corporate responsibility, and the Nigerian labor movement to the extent it promotes democratic values and economic development.

¶17. (U) On November 20, the Nigerian National Assembly (NASS) commenced its long-awaited review of the 1999 Constitution. Topping the agenda were the issues of federalism, revenue allocation, state creation, and electoral reform. Senate President David Mark assured that the legislative exercise would include other stakeholders and highlight civil rights and civil liberties, the separation of powers, checks and balances, strengthening of judiciary, and freedom of the press. Mark also claimed that when completed, the exercise would enhance legitimacy and guarantee a "people's constitution." Mark further charged the committee to consider revenue allocation, federalism, the immunity clause, council administration, state creation, and electoral reform as other urgent areas.

SANDERS